

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Enrique A. Marillo
Manager
Goulds Pumps, Inc.
240 Fall Street
Seneca Falls, New York 13148

Dear Mr. Marillo:

The Bureau of Industry and Security, United States Department of Commerce ("BIS") has reason to believe that Gould Pumps, Inc. of Seneca Falls, New York ("Gould Pumps") has committed 26 violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979 (the "Act").² Specifically, BIS charges that Gould Pumps committed the following violations:

Charges 1-13 (15 C.F.R. § 764.2(a) - Unlicensed Exports of Pumps to Various Countries)

On 13 occasions, at various times throughout the latter part of 1998 and throughout 1999, Gould Pumps engaged in conduct prohibited by the Regulations by exporting magnetic drive and double mechanical seal industrial pumps and parts for these products to consignees located in Egypt, Saudi Arabia, India, Taiwan, and the People's Republic of China. BIS requires a license for export of the preceding items subject to the Regulations, which are classified under Export

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-734 (2004). All of the violations charged occurred in 1998 and 1999. The Regulations governing the violations at issue are found in the 1998 and 1999 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998 - 1999)). The 2004 Regulations establish the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 7, 2003 (3 C.F.R., 2003 Comp. 328 (2004)), and by the Notice of August 6, 2004, 69 FR 48763 (August 10, 2004), has continued the Regulations in effect under IEEPA.

Control Classification Number ("ECCN") 2B350.i. Gould Pumps exported the items in question without obtaining the required export license from BIS. In so doing, Gould Pumps committed 13 violations of Section 764.2(a) of the Regulations. Further detail regarding these violations appears in the attached Schedule of Violations, which is incorporated by reference herein.

Charges 14-26 (15 C.F.R. § 764.2(g) - False Statements on Shipper's Export Declarations)

On 13 occasions, in connection with the exports described in charges 1-13 above, at various times throughout the latter part of 1998 and throughout 1999, Gould Pumps filed, or caused to be filed with the U.S. Government, Shipper's Export Declarations that stated that no licenses were required ("NLR") for the exports. These statements were false as licenses were required from BIS for the exports. In so doing, Gould Pumps committed 13 violations of Section 764.2(g) of the Regulations.

Accordingly, Gould Pumps is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Gould Pumps fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. (Regulations, Sections 766.6 and 766.7). If Gould Pumps defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Gould Pumps. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on the charges in this letter.

Gould Pumps is further notified that it is entitled to an agency hearing on the record if Gould Pumps files a written demand for one with its answer. (Regulations, Section 766.6). Gould Pumps is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. (Regulations, Sections 766.3(a) and 766.4).

³ See 15 C.F.R. § 6.4(a)(2).

Gould Pumps, Inc.
Proposed Charging Letter
Page 3

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should Gould Pumps have a proposal to settle this case, Gould Pumps or its representative should transmit the offer to me through the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Gould Pumps's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Gould Pumps's answer must be served on BIS at the following address:

Office of Chief Counsel for Industry and Security
Attention: Camille Caesar, Senior Counsel
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Camille Caesar is the lawyer representing BIS in this case. Any communications that Gould Pumps may wish to have concerning this matter should be made to Ms. Caesar. She may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

Attachment

SCHEDULE OF VIOLATIONS

<i>Dates of Violation</i>	<i>Pump Model No.</i>	<i>ECCN</i>	<i>Destination</i>
October 31, 1998	3298(S)	2B350.i	Taiwan
November 14, 1998	3298(S)	2B350.i	India
December 29, 1998	3298(S)	2B350.i	India
January 20, 1999	3298(S)	2B350.i	Egypt
February 22, 1999	3298(S)	2B350.i	Taiwan
March 26, 1999	3298(S)	2B350.i	Taiwan
April 24, 1999	3298(S)	2B350.i	Egypt
May 5, 1999	3298(S)	2B350.i	Taiwan
May 20, 1999	3298(S)	2B350.i	Taiwan
July 24, 1999	3298(S)	2B350.i	Saudi Arabia
August 27, 1999	3196(STX)	2B350.i	Egypt
September 15, 1999	3298(S)	2B350.i	PRC
December 6, 1999	3298(S)	2B350.i	Saudi Arabia

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

.....
In the Matter of:)
)
Goulds Pumps, Inc.)
240 Fall Street)
Seneca Falls, New York 13148)
)
Respondent.)
.....

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Respondent, Goulds Pumps, Inc. ("Goulds Pumps"), and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively referred to as "Parties"), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) ("Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("Act"),²

¹ The charged violations occurred in 1998 and 1999. The Regulations governing the violations at issue are found in the 1998 and 1999 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998 - 1999)). The 2005 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Since August 21, 2001 the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 *Fed. Reg.* 48763, August 10, 2004), continues the Regulations in effect under IEEPA.

WHEREAS, Goulds Pumps filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

WHEREAS, BIS has notified Goulds Pumps of its intention to initiate an administrative proceeding against Goulds Pumps, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to Goulds Pumps that alleged that Goulds Pumps committed 26 violations of the Regulations, specifically:

1. *13 Violations of 15 C.F.R. § 764.2(a) - Unlicensed Exports of Pumps to Various Countries:* On 13 occasions, at various times throughout the latter part of 1998 and throughout 1999, Goulds Pumps engaged in conduct prohibited by the Regulations by exporting magnetic drive and double mechanical seal industrial pumps and parts for these products to consignees located in Egypt, Saudi Arabia, India, Taiwan, and the PRC. BIS requires a license for export of the preceding items subject to the Regulations, which are classified under Export Control Classification Number ("ECCN") 2B350.i.1 through i.10. Goulds Pumps exported the items in question without obtaining the export licenses from BIS, as required by Section 742.2 of the Regulations.
2. *13 Violations of 15 C.F.R. § 764.2(g) - Incidences of false statements on SEDs (NLR) during the same period.* On 13 occasions, in connection with the exports described above, at various times throughout the latter part of 1998 and throughout 1999, Goulds Pumps filed, or caused to be filed with the U.S. Government, Shipper's Export Declarations that stated that no licenses were required ("NLR")

for the exports. These statements were false as licenses were required from BIS for the exports pursuant to Section 742.2 of the Regulations.

WHEREAS, Goulds Pumps has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

WHEREAS, Goulds Pumps fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if she approves this Agreement as the final resolution of this matter;

WHEREAS, Goulds Pumps enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, Goulds Pumps states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Goulds Pumps neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Goulds Pumps wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Goulds Pumps agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Goulds Pumps, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against Goulds Pumps in complete settlement of the violations of the Regulations relating to the transactions specifically detailed in the voluntary self-disclosure and the proposed charging letter:

- a. Goulds Pumps shall be assessed a civil penalty in the amount of \$123,500, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order. Payment shall be made in the manner specified in the attached instructions.
- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to Goulds Pumps. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Goulds Pumps's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Goulds Pumps hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$123,500 civil penalty, BIS will not initiate any further administrative proceeding against Goulds Pumps in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the voluntary self-disclosure or the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

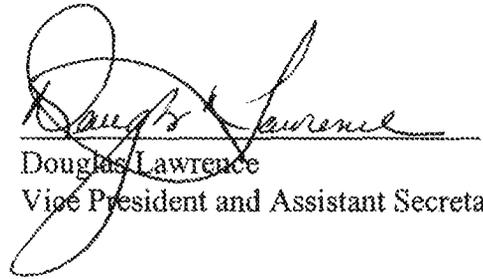
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY,
U.S. DEPARTMENT OF COMMERCE



Michael D. Turner
Director
Office of Export Enforcement

GOULDS PUMPS, INC.



Douglas Lawrence
Vice President and Assistant Secretary

Date: July 07, 2005

Date: June 29, 2005

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

.....
In the Matter of:)
)
Goulds Pumps, Inc.)
240 Fall Street)
Seneca Falls, New York 13148)
)
Respondent.)
.....

ORDER RELATING TO GOULD PUMPS, INC.

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has notified Gould Pumps, Inc. ("Gould Pumps") of its intention to initiate an administrative proceeding against Gould Pumps pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) ("Regulations"),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("Act"),²

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¹ The charged violations occurred in 1998 and 1999. The Regulations governing the violations at issue are found in the 1998 and 1999 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998 - 1999)). The 2005 Regulations establish the procedures that apply to this matter.

²From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse, and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 *Fed. Reg.* 48763, August 10, 2004), continues the Regulations in effect under IEEPA.

by issuing a proposed charging letter to Gould Pumps that alleged that Gould Pumps committed 26 violations of the Regulations. Specifically, the charges are:

1. *13 Violations of 15 C.F.R. § 764.2(a) - Unlicensed Exports of Pumps to Various Countries:* On 13 occasions, at various times throughout the latter part of 1998 and throughout 1999, Gould Pumps engaged in conduct prohibited by the Regulations by exporting magnetic drive and double mechanical seal industrial pumps and parts for these products to consignees located in Egypt, Saudi Arabia, India, Taiwan, and the PRC. BIS requires a license for export of the preceding items subject to the Regulations, which are classified under Export Control Classification Number ("ECCN") 2B350.i.1 through i.10. Gould Pumps exported the items in question without obtaining the export licenses from BIS, as required by Section 742.2 of the Regulations.
2. *13 Violations of 15 C.F.R. § 764.2(g) - Incidences of false statements on SEDs (NLR) during the same period.* On 13 occasions, in connection with the exports described above, at various times throughout the latter part of 1998 and throughout 1999, Gould Pumps filed, or caused to be filed with the U.S. Government, Shipper's Export Declarations that stated that no licenses were required ("NLR") for the exports. These statements were false as licenses were required from BIS for the exports, pursuant to Section 742.2 of the Regulations.

WHEREAS, BIS and Gould Pumps have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

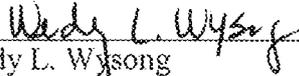
FIRST, that a civil penalty of \$123,500 is assessed against Gould Pumps, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Gould Pumps will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Gould Pumps. Accordingly, if Gould Pumps should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Gould Pumps's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.


Wendy L. Wysong
Acting Assistant Secretary of
Commerce for Export Enforcement

Entered this 13th day of July 2005.